

DEPARTMENT OF CORPORATIONS
*California's Investment and Financing Authority**Preston Dufauchard, Commissioner***Sacramento, California**

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The California Department of Corporations continues to collect and compile results of a survey of Mortgage Servicers operating in the state. This effort was begun by Corporations Commissioner Preston DuFauchard in 2007 and includes survey results on a monthly basis for all of 2007.

The survey was refined beginning in January of 2008 to reveal more detailed information about loan workouts at the servicers. The new detail, for example, breaks down loan modifications into sub-categories that indicate the characteristics of the modification of terms (freezing interest rate, reducing interest rate, reducing principal, etc.).

The mortgage servicer survey results for June 2008 have been posted on the [accompanying table](#). The data show continued success for the Governor's Subprime Mortgage Agreement from November 2007.

The June results show that both the total number of loan workouts initiated and the number of loan workout closed have increased. Especially important is that the total number of loan modifications – the type of workout most beneficial to consumers – has risen significantly, from 8,686 in May to 10,261 in June. This represents an 18% increase in loan modifications over last month. Over the same period, the number of foreclosures reported remained static, actually dropping slightly in June.

A further encouraging sign is that loan modifications continue to rise as a share of total workouts. In May, loan modifications were 40.67% of total workouts. In June, loan modifications now represent 47.32% of total workouts.

It should also be noted that if the monthly numbers are combined as quarterly figures, the count of loan modifications rose from 19,391 in first quarter 2008 to 28,395 in the second quarter, a 46.43% increase.

For further information, please contact the Office of Public Affairs at the California Department of Corporations at (916) 322-7180.

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SACRAMENTO 95814-4052
1515 K STREET, SUITE 200
(916) 445-7205

SAN FRANCISCO 94105-2980
71 STEVENSON STREET, SUITE 2100
(415) 972-8559

LOS ANGELES 90013-2344
320 WEST 4TH STREET, SUITE 750
(213) 576-7500

SAN DIEGO 92101-3697
1350 FRONT STREET, ROOM 2034
(619) 525-4233